

CHAPTER 6.

GDOT Utilization of Minority- and Women-owned Firms

Chapter 6 examines participation of minority- and women-owned firms in GDOT contracts. The disparity analyses that follow in Chapter 7 compare the utilization data with the availability results introduced in Chapter 5.

BBC analyzed both FHWA-funded and state-funded GDOT transportation contracts. As FHWA only requires GDOT to prepare DBE participation reports for its FHWA-funded contracts, the utilization information for state-funded contracts is especially instructive. USDOT suggests that agencies examine utilization for contracts without DBE contract goals when designing their future implementation of the Federal DBE Program.¹ GDOT did not set any DBE goals on its state-funded contracts during the study period, nor did it apply any other race- or gender-based programs for these contracts.

GDOT also administers FHWA and state funds to local agencies for transportation work. The local agencies independently award these contracts. Although GDOT does not collect information on the individual prime contractors and subcontractors involved in local agency contracts, as part of this disparity study BBC and GDOT were able to obtain such data for some of the contracts in the 2009 through June 2011 study period.

Chapter 6 is organized in five parts:

- A. Overview of the utilization analysis;
- B. MBE/WBE and DBE utilization in GDOT transportation contracts;
- C. MBE/WBE and DBE utilization in GDOT construction contracts;
- D. MBE/WBE and DBE utilization in GDOT engineering-related contracts; and
- E. MBE/WBE and DBE utilization in local agency contracts.

Figure 6-1. Defining and measuring “utilization”

“Utilization” of minority- and women-owned firms refers to the share of contract dollars going to these MBEs and WBEs. BBC reports results for both certified DBEs (firms certified as disadvantaged business enterprises in the year of the specific contract) and for all minority- and women-owned firms. BBC also examines results by race/ethnic/gender group.

Utilization is expressed as a percentage of prime contract and subcontract *dollars*. (“Prime contract dollars” are total contract dollars less the money identified as going to subcontractors.) For example, WBE utilization of 5 percent means that 5 percent of the contract dollars examined went to women-owned firms. Expressed another way, 5 cents of every contract dollar went to WBEs.

Information concerning utilization of minority- and women-owned firms is useful on its own, but is even more instructive when compared with a benchmark for the level of utilization expected given relative availability of minority- and women-owned firms for a particular set of contracts. BBC introduces this “disparity analysis” in the next section of the report (see Chapter 7).

¹<http://www.dotcr.ost.dot.gov/Documents/Dbe/49CFRPART26.doc>.

A. Overview of the Utilization Analysis

BBC examined utilization of minority- and women-owned firms as prime contractors and subcontractors in GDOT transportation contracts from January 2009 through June 2011.

Definition of utilization. As outlined in Figure 6-1, “utilization” of minority- and women-owned firms refers to the percentage of contract dollars going to MBE/WBEs. If MBE/WBEs were awarded \$10 million in prime contracts and subcontracts out of a total of \$100 million in contract dollars, MBE/WBE utilization would be 10 percent.

Differences between GDOT and BBC utilization analyses. BBC’s analysis of MBE/WBE utilization goes beyond what GDOT currently reports to the USDOT, as explained below.

BBC identified minority- and women-owned businesses in addition to firms certified as DBEs. Because USDOT regulations require state and local agencies to report participation of DBEs on FHWA-funded contracts, GDOT’s participation reports to FHWA focus on DBEs. GDOT does not track utilization of other firms owned by minorities and women.

In addition to counting certified DBEs in the utilization statistics, BBC examined minority- and women-owned firms that may have once been DBE-certified and graduated (or let their certifications lapse), and MBE/WBEs that have never been DBE-certified. BBC identified race/gender ownership through:

- GDOT DBE certification records and local agencies’ DBE/MBE/WBE directories;
- Study team telephone interviews with owners and managers of utilized firms (the study team attempted to reach each utilized firm via phone, fax or e-mail);
- Other sources, including Dun & Bradstreet (D&B) data; and
- GDOT staff review.

BBC also reports utilization for firms certified as DBEs. Although firms owned by socially- and economically-disadvantaged white men can receive DBE certification, BBC identified no DBE certified as a white male-owned firm at the time of the study. Therefore, Chapter 6 results for DBE participation in GDOT contracts are a subset of overall MBE/WBE utilization — all DBE firms in the data are minority- or women-owned.

The disparity study also examined state-funded contracts. GDOT’s DBE utilization reports are for FHWA-funded contracts, not state-funded contracts (contracts solely funded through non-USDOT sources). In addition to analyzing FHWA-funded contracts, BBC examined MBE/WBE and DBE participation in GDOT’s state-funded contracts.

B. MBE/WBE and DBE Utilization in GDOT Transportation Contracts

The following figures present MBE/WBE and DBE utilization as a percentage of GDOT contract dollars. Utilization in these figures includes prime contractor and subcontractor participation.²

Each figure separately reports results for GDOT's FHWA- and state-funded transportation contracts. The figures also show aggregate results across all FHWA- and state-funded contracts.

Figure 6-2 combines results for construction and engineering contracts.

- Each bar in the graph indicates the percentage of overall contract dollars going to minority- and women-owned firms (the statistic shown on the top of the bar), including the share going to certified DBEs.
- The dark shading in the bottom portion of the bar presents the share of overall contract dollars going to DBEs alone.
- The difference between DBE utilization and total MBE/WBE utilization corresponds to the participation of MBE/WBEs that were not certified as DBEs.

Figure 6-2.
MBE/WBE and DBE share of prime contract/subcontract dollars for GDOT construction and engineering contracts, 2009–June 2011, FHWA vs. state funding

Note:

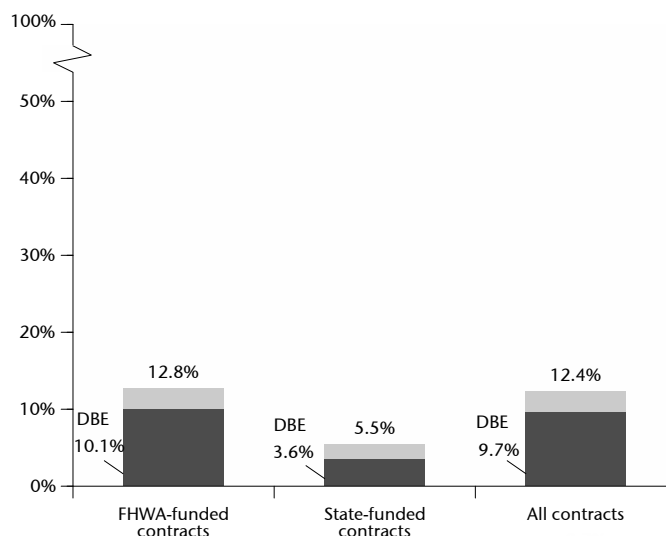
Certified DBE utilization.

Number of contracts/subcontracts analyzed is 4,390 for FHWA-funded contracts, 448 for state-funded contracts and 4,838 for all contracts.

For more detail and results by group, see Figures K-3, K-4 and K-2 in Appendix K.

Source:

BBC Research & Consulting from data on GDOT contracts.



FHWA-funded contracts. BBC examined 939 GDOT FHWA-funded transportation construction and engineering contracts from 2009 through June 2011. BBC was able to obtain data for 3,451 subcontracts associated with these contracts. In total, BBC identified \$1.9 billion for these 4,390 contract elements.

Minority- and women-owned firms obtained 12.8 percent of the dollars of FHWA-funded contracts from 2009 through June 2011, as presented in Figure 6-2. DBE utilization for these contracts was 10.1 percent.³

² When calculating prime contractor utilization, BBC counts dollars retained by the prime contractor (total dollars less subcontract dollars for the contract). In this way, addition of prime contractor and subcontractor utilization for a contract equals the contract amount.

State-funded contracts. BBC analyzed 201 GDOT state-funded contracts, which included 247 subcontracts. State-funded contracts for 2009–June 2011 totaled \$123 million. MBE/WBEs (including DBEs) received a much lower percentage of total state-funded contract dollars — 5.5 percent — than for FHWA-funded contracts. The share of contract dollars going to DBEs was 3.6 percent.

Combined contracts. Of the \$2.0 billion in combined FHWA- and state-funded contract dollars examined for 2009–June 2011, MBE/WBEs received \$246 million, or 12.4 percent. DBEs accounted for 9.7 percentage points (\$192 million) of the overall MBE/WBE participation.

Utilization by MBE/WBE group. Figure 6-3 details utilization for minority- and women-owned firms (top half of the figure) and for only DBEs (bottom half of the figure) by specific racial/ethnic/gender groups. As noted previously, DBE utilization is a subset of total MBE/WBE utilization.

White women-owned firms accounted for two-thirds of the MBE/WBE utilization in GDOT contracts.⁴ WBEs received 8.4 percent of total contract dollars compared with 2.4 percent for African American-owned firms and 1.1 percent for Hispanic American-owned firms. Other minority-owned firms combined received about 0.5 percent of contract dollars.

Results only considering FHWA-funded contracts are similar to the results for all GDOT transportation contracts, as provided in Figure 6-3. Figure 6-3 also shows that minority-owned firms certified as DBEs accounted for \$73 million of the \$77 million in FHWA-funded contract dollars going to minority-owned firms. White women-owned firms that were DBE-certified represented a smaller portion of total WBE utilization (\$115 million out of \$162 million).

Turning to state-funded contracts, WBEs received 3.7 percent of contract dollars, which again is two-thirds of total dollars going to minority- and women-owned firms. More than one-half of the WBE utilization was to firms that were not DBE-certified. African American-owned firms received 1.1 percent of state-funded contract dollars and Hispanic American-owned firms received 0.8 percent of these contract dollars. No other minority-owned firms were identified among the firms receiving state-funded prime contractors or subcontracts. Figure 6-3 examines these results.

³ By comparison, GDOT utilization reports for FY 2009, FY 2010 and FY 2011 combined showed DBE participation to be 9.8 percent of FHWA-funded contracts. GDOT examined \$2.4 billion in FHWA contracts for this three-year time period.

⁴ WBE refers to white women-owned firms in the utilization analysis to match the use of WBE in the availability analysis, as discussed in Chapter 5.

Figure 6-3.

MBE/WBE and DBE share of prime/subcontract dollars for GDOT construction and engineering contracts, by race/ethnicity/gender, 2009–June 2011 (thousands)

	FHWA-funded contracts		State-funded contracts		Total	
	\$ in thousands	Percent	\$ in thousands	Percent	\$ in thousands	Percent
MBE/WBEs						
African American-owned	\$46,598	2.5 %	\$1,360	1.1 %	\$47,959	2.4 %
Asian-Pacific American-owned	122	0.0	0	0.0	122	0.0
Subcontinent Asian American-owned	7,318	0.4	0	0.0	7,318	0.4
Hispanic American-owned	20,394	1.1	946	0.8	21,341	1.1
Native American-owned	2,995	0.2	0	0.0	2,995	0.2
WBE (white women-owned)	<u>162,093</u>	<u>8.7</u>	<u>4,523</u>	<u>3.7</u>	<u>166,616</u>	<u>8.4</u>
Total MBE/WBE	\$239,520	12.8 %	\$6,830	5.5 %	\$246,350	12.4 %
Majority-owned	<u>1,624,524</u>	<u>87.2</u>	<u>116,545</u>	<u>94.5</u>	<u>1,741,069</u>	<u>87.6</u>
Total	\$1,864,044	100.0 %	\$123,375	100.0 %	\$1,987,419	100.0 %
DBEs						
African American-owned	\$45,960	2.5 %	\$1,360	1.1 %	\$47,320	2.4 %
Asian-Pacific American-owned	97	0.0	0	0.0	97	0.0
Subcontinent Asian American-owned	7,318	0.4	0	0.0	7,318	0.4
Hispanic American-owned	16,601	0.9	946	0.8	17,548	0.9
Native American-owned	2,995	0.2	0	0.0	2,995	0.2
WBE (white women-owned)	115,043	6.2	2,131	1.7	117,174	5.9
White male-owned DBE	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Total DBE	\$188,013	10.1 %	\$4,438	3.6 %	\$192,451	9.7 %
Non-DBE	<u>1,676,031</u>	<u>89.9</u>	<u>118,937</u>	<u>96.4</u>	<u>1,794,968</u>	<u>90.3</u>
Total	\$1,864,044	100.0 %	\$123,375	100.0 %	\$1,987,419	100.0 %

Note: Numbers rounded to nearest tenth of 1 percent. Numbers may not add to totals due to rounding.
Number of contracts/subcontracts analyzed is 4,390 for FHWA-funded contracts, 448 for state-funded contracts and 4,838 for all contracts.
For more detail and dollars by group, see Figures K-3, K-4 and K-2 in Appendix K.

Source: BBC Research & Consulting from data on GDOT contracts.

C. MBE/WBE and DBE Utilization in GDOT Construction Contracts

Figure 6-4 presents MBE/WBE and DBE participation in GDOT FHWA- and state-funded transportation construction contracts.

FHWA-funded contracts. From 2009 through June 2011, GDOT awarded 561 FHWA-funded construction contracts for \$1.7 billion that were within the scope of the disparity study. BBC examined 3,179 subcontracts associated with these contracts.

MBEs and WBEs obtained 13.2 percent of FHWA-funded construction contract dollars for this time period. White women-owned firms received 9.1 percent of contract dollars, which accounted for more than two-thirds of the total utilization of MBE/WBEs. African American-owned firms received 2.6 percent of contract dollars and Hispanic American-owned firms received 1.0 percent of contract dollars. DBE utilization for these contracts was 10.6 percent. Figure K-6 in Appendix K provides additional information concerning MBE/WBE/DBE utilization for these contracts.

State-funded contracts. There were 173 GDOT state-funded construction contracts for 2009–June 2011 included in the utilization analysis. These contracts totaled \$111 million.

MBE/WBEs received 4.8 percent of state-funded construction contract dollars — WBE utilization was 3.4 percent, firms owned by African Americans received 0.6 percent of contract dollars and Hispanic American-owned firms received 0.8 percent of contract dollars. No prime contractors or subcontractors were identified as owned by other minority groups. Overall DBE participation was 2.7 percent. (No DBE contract goals applied to these contracts.) Figure K-7 in Appendix K provides additional information concerning MBE/WBE and DBE utilization for these contracts.

Combined contracts. Combining FHWA- and state-funded construction, MBE/WBE participation was 12.7 percent (10.1% DBE utilization). Utilization by racial/ethnic/gender group can be found in Figure K-5.

Figure 6-4.
MBE/WBE and DBE share of prime contract/subcontract dollars for GDOT construction contracts 2009–June 2011, FHWA vs. state funding

Note:

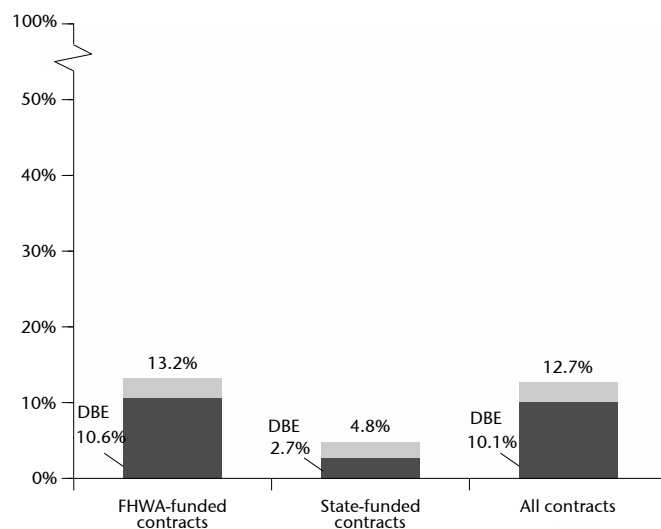
Certified DBE utilization.

Number of contracts/subcontracts analyzed is 3,740 for FHWA-funded contracts, 410 for state-funded contracts and 4,150 for all contracts.

For more detail and results by group, see Figures K-6, K-7 and K-5 in Appendix K.

Source:

BBC Research & Consulting from data on GDOT contracts.



D. MBE/WBE and DBE Utilization in GDOT Engineering-related Contracts

Figure 6-5 presents information for GDOT contracts for engineering-related services. MBE/WBE and DBE participation results in Figure 6-5 include prime consultant and subconsultant participation.

FHWA-funded contracts. BBC examined 378 FHWA-funded engineering-related contracts (\$180 million) and was able to analyze information for 272 related subcontracts.

MBE/WBE participation on these contracts was 9.3 percent. WBEs obtained 5.1 percent of contract dollars. Utilization of African American-owned firms was 1.4 percent, and 2.1 percent of contract dollars went to Hispanic American-owned firms. Subcontinent Asian American-owned businesses received 0.6 percent of contract dollars.

DBE utilization for FHWA-funded engineering-related contracts was 5.8 percent. Figure K-9 in Appendix K provides additional information concerning MBE/WBE/DBE utilization for these contracts.

State-funded contracts. BBC analyzed 28 state-funded engineering-related contracts for 2009–June 2011 totaling \$12 million. Ten subcontracts were identified for these contracts. MBE/WBE participation was 12.3 percent of total contract dollars, with WBEs and African American-owned firms each receiving about 6 percent of contract dollars. Each of the MBE/WBEs utilized was certified as a DBE. Figure K-10 in Appendix K provides additional information concerning MBE/WBE and DBE utilization for these contracts.

Combined contracts. Of the \$192 million in combined FHWA- and state-funded engineering-related contracts, MBE/WBEs utilization was \$18 million, or 9.5 percent of contract dollars (6.2% DBE participation). Utilization by racial/ethnic/gender group can be found in Figure K-8.

Figure 6-5.
MBE/WBE and DBE share of prime contract/subcontract dollars for GDOT engineering-related contracts 2009–June 2011, FHWA vs. state funding

Note:

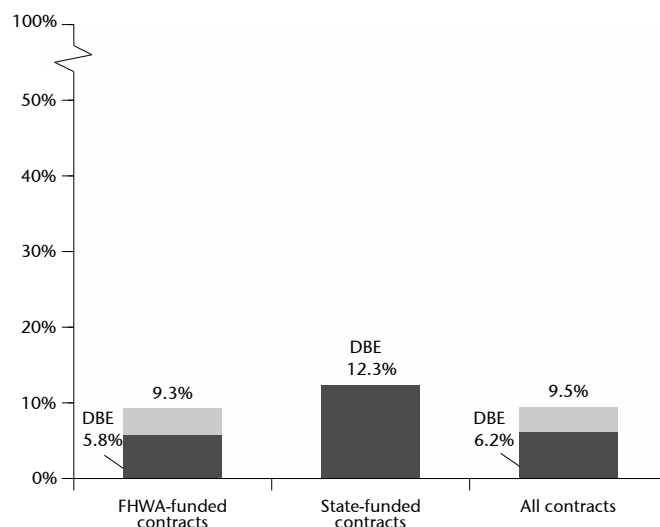
Certified DBE utilization.

Number of contracts/subcontracts analyzed is 650 for FHWA-funded contracts, 38 for state-funded contracts and 688 for all contracts.

For more detail and results by group, see Figures K-9, K-10 and K-8 in Appendix K.

Source:

BBC Research & Consulting from data on GDOT contracts.



E. MBE/WBE and DBE Utilization in Local Agency Contracts

In addition to its own contracts, GDOT administers certain FHWA and state transportation funds that are provided through GDOT to cities, counties and other local governments. From 2009 through June 2011, there were 22 local agency construction contracts of \$750,000 or more that used GDOT-administered FHWA or state funds. (Local agencies do not typically receive money for engineering contracts through GDOT.)

GDOT does not collect and maintain comprehensive information concerning prime contractors and subcontractors on local agency contracts that use FHWA or state funds. Therefore, the BBC study team worked with GDOT to request certain information on prime contracts and subcontracts from local agencies and their prime contractors. BBC was able to obtain data for 14 out of the 22 local agency contracts within the study period that were \$750,000 or more. These 14 contracts totaled about \$60 million. Based upon the data provided, BBC identified 136 subcontracts for these contracts. The 10 contracts that were FHWA-funded accounted for more than 90 percent of the contract dollars examined. Chapter 3 and Appendix B describe the methods BBC used to determine race/ethnicity/gender ownership of the prime contractors and subcontractors for these contracts.

MBE/WBE participation was 7.6 percent (5.9% DBE utilization) on the 14 local agency contracts. White women-owned firms (4.6% utilization) and Subcontinent Asian American-owned firms (1.6% utilization) accounted for most of the MBE/WBE participation on these contracts. Less than 1 percent of contract dollars went to African American-owned firms.

Figure 6-6 compares the utilization of MBE/WBEs and DBEs on the 14 local agency contracts compared with MBE/WBE and DBE utilization for GDOT construction contracts. As shown, MBE/WBE and DBE participation was much lower on the local agency contracts examined than on GDOT contracts for 2009 through June 2011.

Figure 6-6.
MBE/WBE and DBE share of prime contract/subcontract dollars for FHWA- and state-funded construction contracts, 2009–June 2011, GDOT versus local agency contract awards

Note:

Certified DBE utilization.

Number of contracts/subcontracts analyzed is 150 for local agency construction contracts and 4,150 for GDOT construction contracts.

For more detail and results by group, see Figures K-41 and K-5 in Appendix K.

Source:

BBC Research & Consulting from data on GDOT and local agency contracts.

